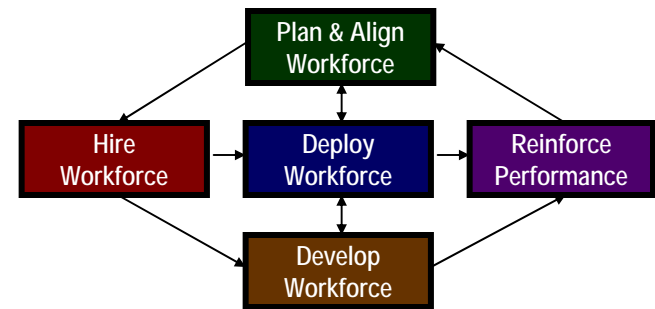

State of Washington
Department of Financial Institutions

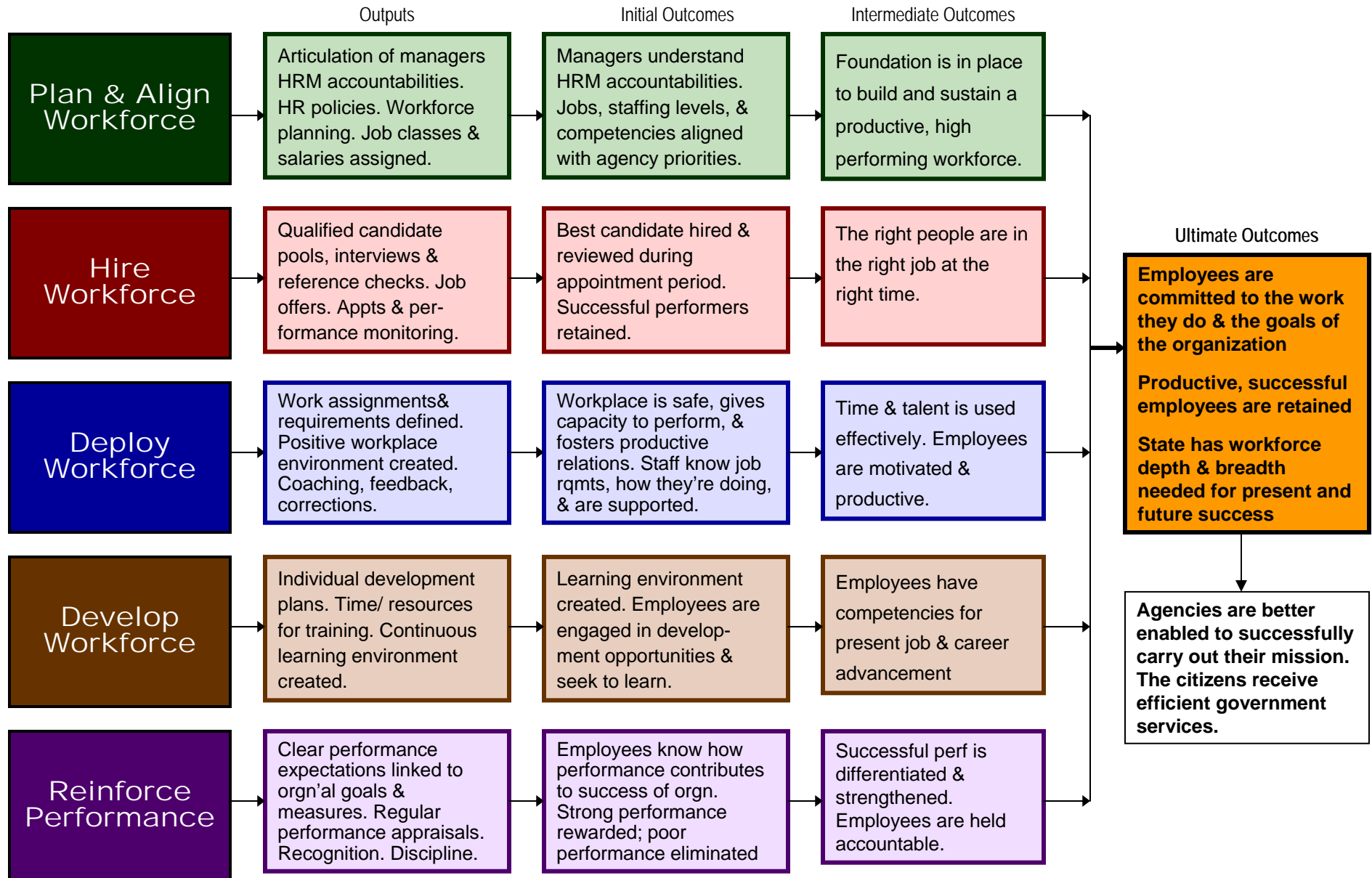
Human Resource
Management Report



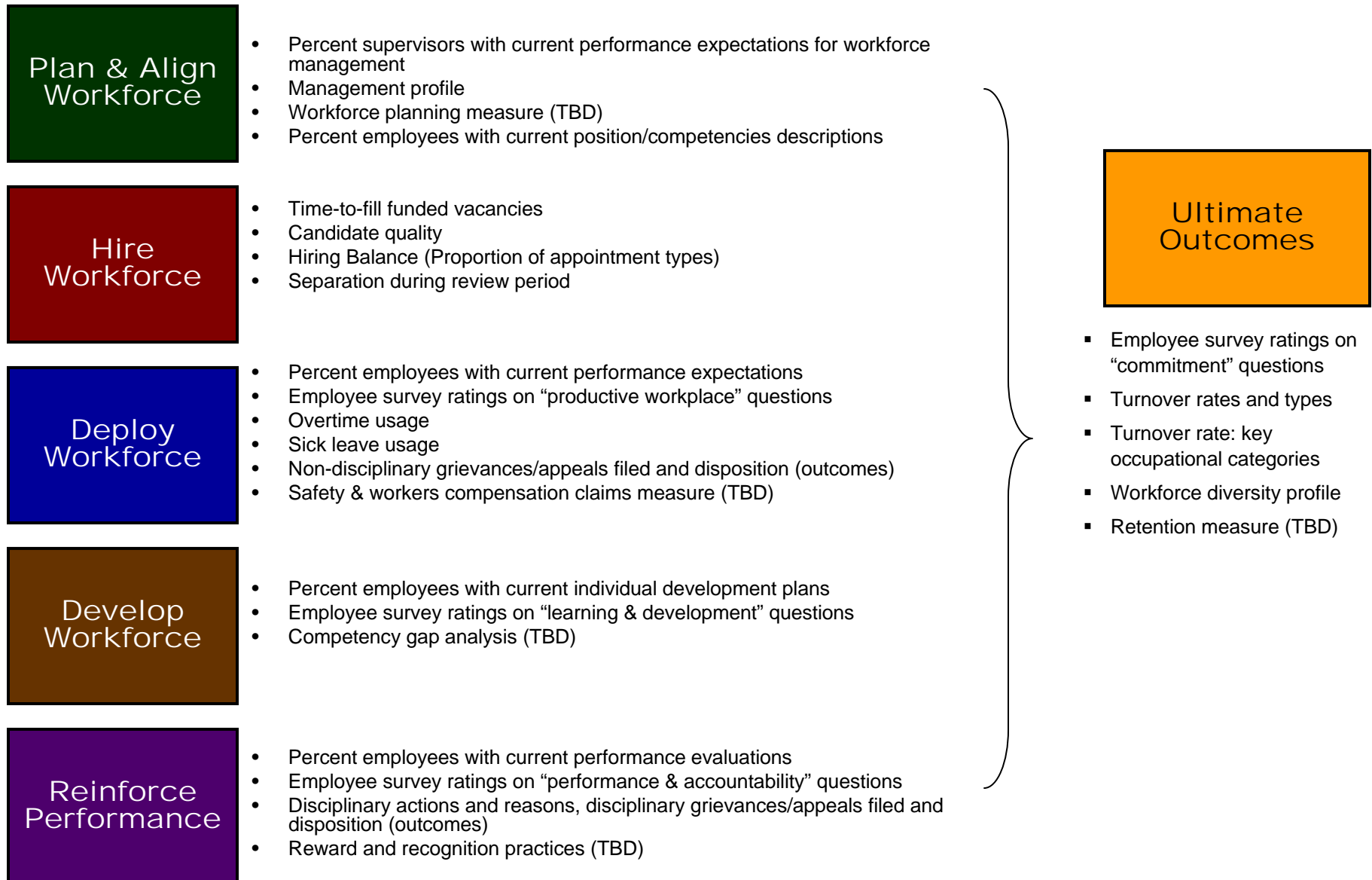
April 30, 2007



Managers' Logic Model for Workforce Management



Standard Performance Measures



Plan & Align Workforce

Outcomes:

Managers understand workforce management accountabilities. Jobs and competencies are defined and aligned with business priorities. Overall foundation is in place to build & sustain a high performing workforce.

Performance Measures:

Percent supervisors with current performance expectations for workforce management

Management profile

Workforce Planning measure (TBD)

Percent employees with current position/competency descriptions

Workforce Management Expectations

Percent supervisors with current performance expectations for workforce management = 100%

Total # of supervisors with current performance expectations for workforce management = 37

Total # of supervisors = 37

Analysis:

DFI is now on an annual cycle for setting performance expectations and evaluating performance. In establishing this annual cycle, executive management required that PDP's for all supervisors must have performance expectations for managing their workforce.

Action Steps:

- Human Resources staff review PDP's for compliance with executive management requirement upon receipt.
- As reviewers, Program Managers and Division Directors must learn to look for this requirement in the expectations defined, to ensure that the expectation is in place prior to HR's final review. Additional Performance Management Training will take place in September 2007 to include a component on the role of the "reviewer."

Plan & Align Workforce

Outcomes:

Managers understand workforce management accountabilities. Jobs and competencies are defined and aligned with business priorities. Overall foundation is in place to build & sustain a high performing workforce.

Performance Measures:

Percent supervisors with current performance expectations for workforce management

Management profile

Workforce Planning measure (TBD)

Percent employees with current position/competency descriptions

Management Profile

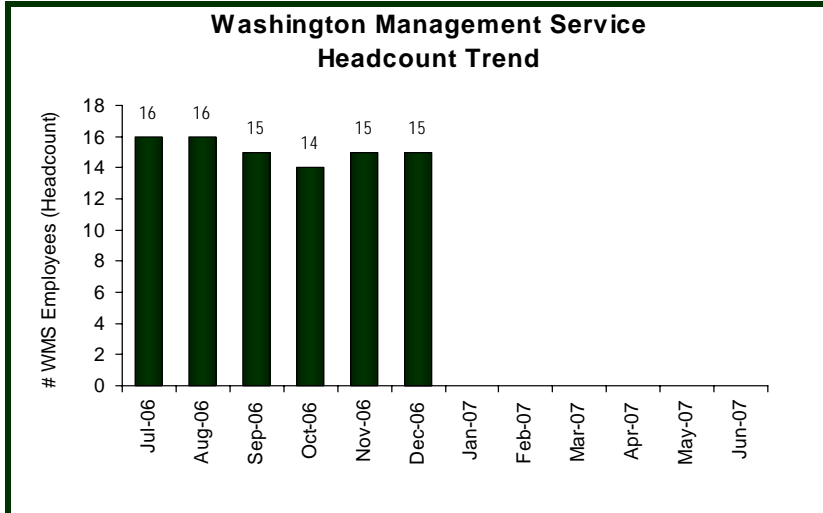
Number of WMS employees = 15

Percent of agency workforce that is WMS = 8.2%

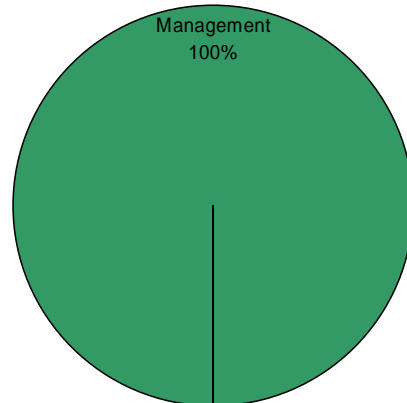
Number of all Managers* = 32

Percent of agency workforce that is Managers* = 17.5%

* Headcount in positions coded as "Manager" (includes EMS, WMS, and GS)



WMS Management Type



| | |
|--------------|----|
| Manager | 15 |
| Consultant | 0 |
| Policy | 0 |
| Not Assigned | 0 |

Analysis:

- DFI utilizes WMS only for positions that have a management function - typically managing a program or unit, and/or people. Growth of the agency due to new regulatory programs, and therefore additional line staff, has necessitated a request in the budget for additional positions that are classified within WMS.

Action Steps:

- DFI will continue to monitor and report on WMS positions as required.

Plan & Align Workforce

Outcomes:

Managers understand workforce management accountabilities. Jobs and competencies are defined and aligned with business priorities. Overall foundation is in place to build & sustain a high performing workforce.

Performance Measures:

Percent supervisors with current performance expectations for workforce management

Management profile

Workforce Planning measure (TBD)

Percent employees with current position/competency descriptions

Current Position/Competency Descriptions

Percent employees with current position/competency descriptions =100%

Total # of employees with current position/competency descriptions* = 182

Total # of employees* = 182

*Applies to employees in permanent positions, both WMS & GS

Analysis:

- DFI identified and adopted agency-wide competencies for all positions in 2001. Supervisors and managers review position descriptions with employees annually, and update them as necessary. Competencies are a key element of performance management within DFI and are utilized throughout the position descriptions and the PDP process.

Action Steps:

- No action is required at this time. Ongoing review and monitoring by the Human Resources Office ensures compliance with this measure.

Hire Workforce

Outcomes:

Best candidates are hired and reviewed during appointment period. The right people are in the right job at the right time.

Performance Measures

Time-to-fill vacancies

Candidate quality

Hiring Balance (proportion of appointment types)

Separation during review period

Time-to-fill Funded Vacancies

Average Number of Days to fill*: N/A

Number of vacancies filled: N/A

*Equals # of days from hiring requisition to job offer acceptance

Candidate Quality

| | Percent | Number |
|--|---------|--------|
| Candidates interviewed who had competencies needed for the job | N/A% | N/A |
| Hiring managers who indicated they could hire best candidate | N/A% | N/A |

Analysis:

- DFI began tracking this information manually in April 2007. The data available in E-Recruiting is not accurate and therefore DFI has nothing to report at this time.

Action Steps:

- DFI has begun tracking all measures and will report in the October 2007 HR Management Report.

Hire Workforce

Outcomes:

Best candidates are hired and reviewed during appointment period. The right people are in the right job at the right time.

Performance Measures

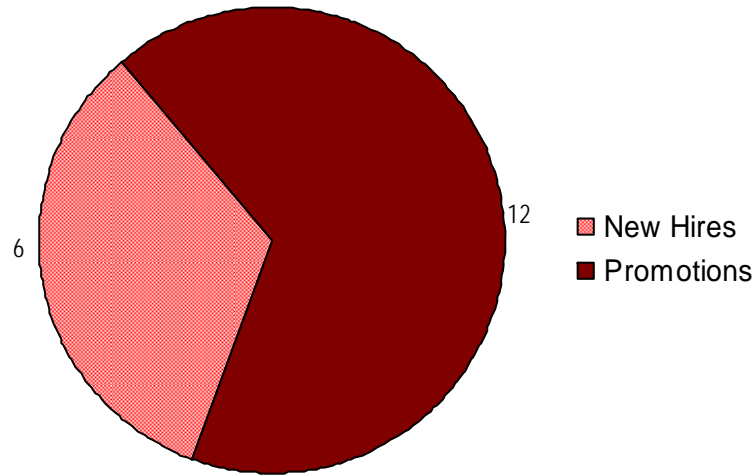
Time-to-fill vacancies

Candidate quality

Hiring Balance
(proportion of appointment types)

Separation during review period

Types of Appointments



Total number of appointments =18*

Time period = 7/2006 through 12/2006

Includes appointments to permanent vacant positions only; excludes reassignments

*Other" = Demotions, re-employment, reversion & RIF appointments

Separation During Review Period

| | |
|---|---|
| Probationary separations - Voluntary | 1 |
| Probationary separations - Involuntary | 1 |
| <i>Total Probationary Separations</i> | 2 |
| Trial Service separations - Voluntary | 1 |
| Trial Service separations - Involuntary | 0 |
| <i>Total Trial Service Separations</i> | 1 |

Total Separations During Review Period 3

Time period = 7/2006 through 12/2006

Analysis:

- DFI has experienced a larger than normal recruiting and hiring effort during this time period. With new regulatory efforts being implemented and additional FTEs funded in the budget, new hire levels remain relatively high in relation to promotions.
- DFI offers promotional opportunities throughout the agency, and encourages professional development and training activities that enhance promotional opportunities for its employees. Although promotion occurs at nearly all levels, the Financial Examiner and Financial Legal Examiner series allow strong career paths for employees.
- With the additional performance management abilities created by broader Civil Service Rules, agency management is better utilizing trial service and probationary periods to manage sub-par performance.

Action Steps:

- HR will continue to partner with agency management – consulting on performance issues and utilization of trial and probationary periods, as well as reviewing and reporting on promotional opportunities and options for agency staff.

Data as of December 2006

Source: HRMS Business Warehouse

Deploy Workforce

Outcomes:

Staff know job expectations, how they're doing, & are supported. Workplace is safe, gives capacity to perform, & fosters productive relations. Employee time and talent is used effectively. Employees are motivated.

Performance Measures

Percent employees with current performance expectations

Employee survey ratings on "productive workplace" questions

Overtime usage

Sick leave usage

Non-disciplinary grievances/appeals filed and disposition (outcomes)

Safety and Workers Compensation (TBD)

Current Performance Expectations

Percent employees with current performance expectations =100%

Total # of employees with current performance expectations* = 165

Total # of employees* = 182

*Applies to employees in permanent positions, both WMS & General Service

Analysis:

- DFI holds both supervisors and employees accountable for active participation in setting and clarifying performance expectations.

Action Steps:

- DFI requires supervisors to complete individual Performance Development Plans (PDP) for all new employees* within the first 30 days of their appointment.
- DFI requires supervisors to update individual PDP's on a periodic and on an "as needed" basis throughout the performance period.
- DFI provides ongoing PDP workshops to supervisors and employees that stress the importance of keeping performance expectations current and encourages open, collaborative communication as part of the PDP process.

Deploy Workforce

Outcomes:

Staff know job expectations, how they're doing, & are supported. Workplace is safe, gives capacity to perform, & fosters productive relations. Employee time and talent is used effectively. Employees are motivated.

Performance Measures

Percent employees with current performance expectations

Employee survey ratings on "productive workplace" questions

Overtime usage

Sick leave usage

Non-disciplinary grievances/appeals filed and disposition (outcomes)

Safety and Workers Compensation (TBD)

Department of Financial Institutions

Employee Survey "Productive Workplace" Ratings



Overall average score for Productive Workplace Ratings: 4.2

Data as of April 2006
Source: DOP Employee Survey

Analysis:

- DFI scored relatively high in all of the productive workplace questions. In comparison with previous DFI surveys and like questions, and the statewide data, DFI continues to score well and generally shows improvement every year.
- Recognition appears to be an area that is suffering from the employees perspective.

Action Steps:

- Following the survey, DFI successfully implemented a low-cost employee recognition program.
- DFI is working towards performance confirmation and implementation of lump sum recognition and will present our package and request for confirmation to the Department of Personnel in July of 2007. On receipt of confirmation, DFI will determine lump sum recognition award winners during November of 2007 and make the awards shortly thereafter.

Deploy Workforce

Outcomes:

Staff know job expectations, how they're doing, & are supported. Workplace is safe, gives capacity to perform, & fosters productive relations. Employee time and talent is used effectively. Employees are motivated.

Performance Measures

Percent employees with current performance expectations

Employee survey ratings on "productive workplace" questions

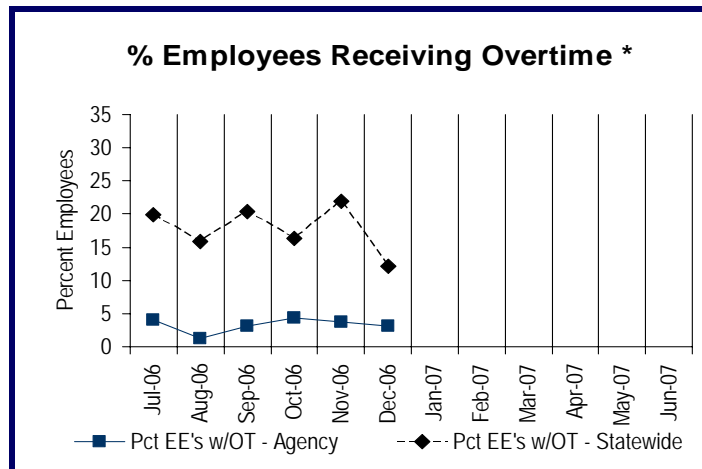
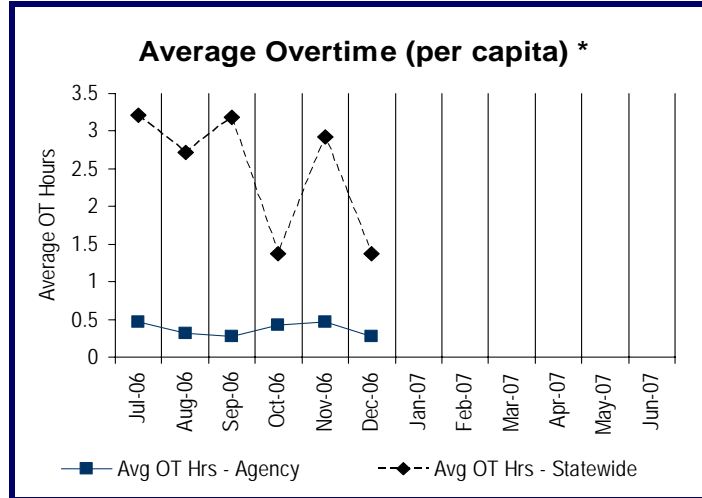
Overtime usage

Sick leave usage

Non-disciplinary grievances/appeals filed and disposition (outcomes)

Safety and Workers Compensation (TBD)

Overtime Usage

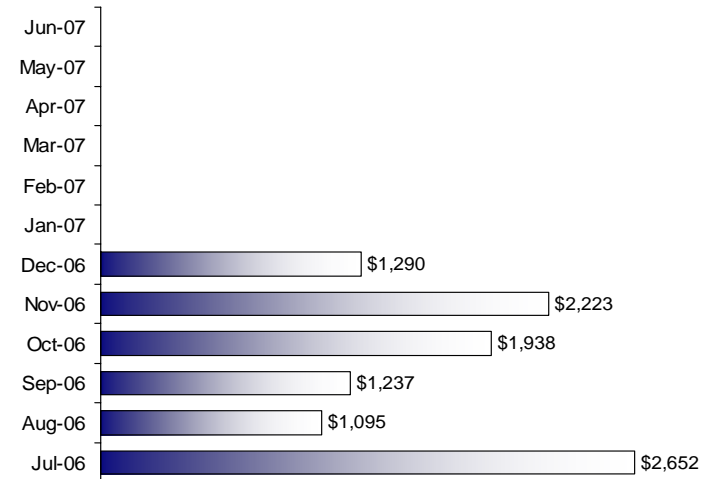


* Statewide overtime values do not include DNR

Data as of: April 2007

Source: HRMS Business Warehouse

Overtime Cost - Agency



Analysis:

- As a whole, DFI does not have a large number of employees receiving overtime and costs to the agency are immaterial.
- The increase in overtime during September 2006 through November 2006 is attributed to the implementation of E-Recruiting and a licensing backlog in the Division of Consumer Services.
- The overtime cost spike in July 2006 is largely attributed to the implementation of HRMS.
- DFI also attributes some overtime cost to a few hourly, non-permanent employees who are conducting specialized examination work. In addition, entry level examiners are overtime-eligible and often receive overtime pay during the first twelve months of their employment.

Action Steps:

- DFI will review and monitor agency overtime cost of hourly, non-permanent employees, and may consider making some of the appointments salaried rather than hourly.
- As a result of class consolidation, effective July 1, 2007, DFI will elect to designate the entry level examiner class as overtime-exempt.

Deploy Workforce

Outcomes:

Staff know job expectations, how they're doing, & are supported. Workplace is safe, gives capacity to perform, & fosters productive relations. Employee time and talent is used effectively. Employees are motivated.

Performance Measures

Percent employees with current performance expectations

Employee survey ratings on "productive workplace" questions

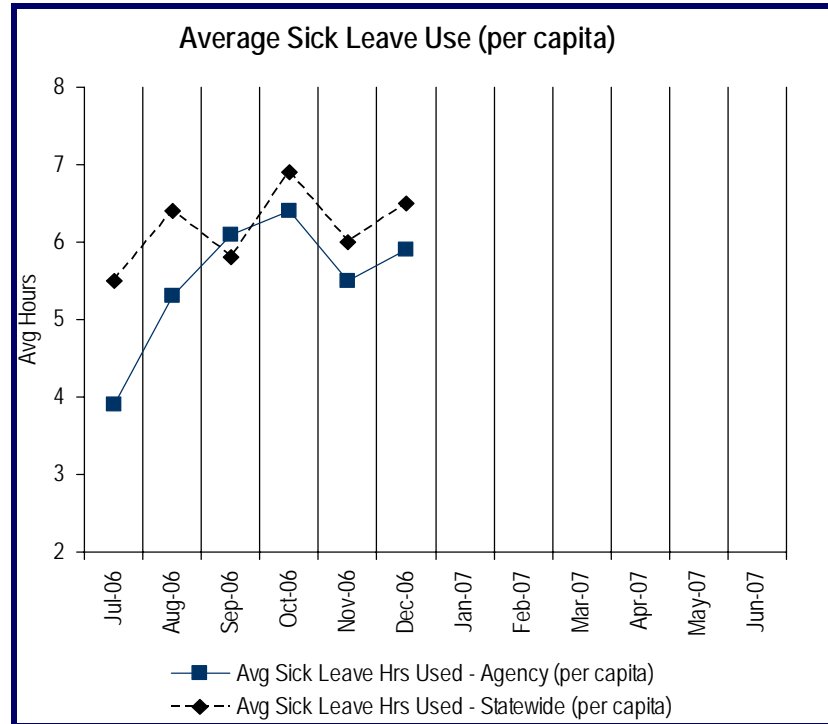
Overtime usage

Sick leave usage

Non-disciplinary grievances/appeals filed and disposition (outcomes)

Safety and Workers Compensation (TBD)

Sick Leave Usage



Sick Leave Hrs Used / Earned (per capita)

| Avg Hrs SL Used, per capita – Agency | Avg Hrs SL Used, per capita – Statewide | % of SL Hrs Earned, per capita – Agency | % of SL Hrs Earned, per capita – Statewide |
|--------------------------------------|---|---|--|
| 5.5 Hrs | 6.2 Hrs | 69.7% | 79.8% |

Sick Leave Hrs Used / Earned (those who took SL)

| Avg Hrs SL Used – Agency (those who took SL) | Avg Hrs SL Used – Statewide (those who took SL) | % SL Hrs Used vs Earned – Agency (those who took SL) | % SL Hrs Used vs Earned – Statewide (those who took SL) |
|--|---|--|---|
| 11.9 Hrs | 11.7 Hrs | 148.5% | 145.8% |

Sick Leave time period = July 2006 through December 2006

Analysis:

- Average sick leave hrs used per capita for DFI remains below the statewide average.
- Average sick leave hrs used as a percentage of earned for those employees that used sick leave is slightly higher than the statewide average. Our goal will be to implement the actions below to reduce this measure to below the statewide average.

Action Steps:

- HR & agency management will further review sick leave use to determine other trends.
- DFI will implement a wellness program to improve overall employee wellness.
- DFI will contract Crucial Conversations training to assist supervisors in dealing with chronic abusers.
- DFI will arrange for paid on-site flu shots for all employees in Fall 2007.
- DFI is in the process of devising new reports for managers to track the percentage of hours earned that are used for each employee. This will help manage those with earn and burn issues.
- Director's message will be sent to all staff in May 2007 regarding the need to maintain adequate sick leave balances. This will be tied in with our wellness objective.

* Statewide data does not include DOL, DOR, L&I, and LCB
Source: HRMS/DOP

Deploy Workforce

Outcomes:

Staff know job expectations, how they're doing, & are supported. Workplace is safe, gives capacity to perform, & fosters productive relations. Employee time and talent is used effectively. Employees are motivated.

Performance Measures

Percent employees with current performance expectations

Employee survey ratings on "productive workplace" questions

Overtime usage

Sick leave usage

Non-disciplinary grievances/appeals filed and disposition (outcomes)

Safety and Workers Compensation (TBD)

Department of Financial Institutions

Non-Disciplinary Grievances (represented employees)

Grievance Disposition

- DFI is non-represented, and does not have grievances. The agency has a complaint process and procedure in place – for resolving employee complaints.
- Non-disciplinary complaints are resolved at the supervision level, starting at immediate supervisor, then proceeding to second and third level supervision as necessary. Final complaint resolution may rest with Agency Director.
- Complaints involving higher-level non-disciplinary issues (discrimination, etc.) are received by HR, processed and resolved in cooperation with, and guidance by, agency executive management.

Data as of March 2007
Source: DFI Internal Tracking

Develop Workforce

Outcomes:

A learning environment is created. Employees are engaged in professional development and seek to learn. Employees have competencies needed for present job and future advancement.

Performance Measures

Percent employees with current individual development plans

Employee survey ratings on “learning & development” questions

Competency gap analysis (TBD)

Individual Development Plans

Percent employees with current individual development plans = 100%

Total # of employees with current PDPs* = 165

Total # of employees* = 182

*Applies to employees in permanent positions, both WMS & GS

Employee Survey “Learning & Development” Ratings

Q5. I have opportunities at work to learn and grow. (4.3)



Q8. My supervisor gives me ongoing feedback that helps me improve my performance. (4.1)



■ Never ■ Seldom ■ Occasionally ■ Usually ■ Always

Overall average score for Learning & Development Ratings: 4.2

Analysis:

- DFI scored relatively high in the learning and development questions. In comparison with previous DFI surveys and like questions, and the statewide data – DFI continues to score well and generally shows improvement every year.
- DFI supports professional development for all employees. Each division budgets funds annually - specifically for training and development of all staff.
- DFI holds both supervisors and employees accountable for active participation in identifying and developing the necessary skills to succeed in their jobs.

Action Steps:

- DFI requires supervisors to complete individual Performance Development Plans (PDP) for all new employees* within the first 30 days of their appointment.
- DFI requires supervisors to identify training requirements and update individual PDP's on an periodic basis throughout the performance period, as employee's skill sets or training needs change.

Reinforce Performance

Outcomes:

Employees know how their performance contributes to the goals of the organization. Strong performance is rewarded; poor performance is eliminated. Successful performance is differentiated and strengthened. Employees are held accountable.

Performance Measures

Percent employees with current performance evaluations

Employee survey ratings on "performance and accountability" questions

Disciplinary actions and reasons, disciplinary grievances/appeals filed and disposition (outcomes)

Reward and recognition practices (TBD)

Current Performance Evaluations

Percent employees* with current performance evaluations = 100%

Total # of employees with current performance evaluations* = 165

Total # of employees* = 182

*Applies to employees in permanent positions, both WMS & GS

Analysis:

- DFI has maintained a 100% completion rate on current performance evaluations since 2005 (two years).

Action Steps:

- DFI is currently working towards Performance Management Confirmation by December 2007. Executive Management requires that the agency maintain a 100% completion rate on current performance evaluations.
- HR monitors compliance with this measure and provides tracking reports to supervisors and managers bi-monthly.

Reinforce Performance

Outcomes:

Employees know how their performance contributes to the goals of the organization. Strong performance is rewarded; poor performance is eliminated. Successful performance is differentiated and strengthened. Employees are held accountable.

Performance Measures

Percent employees with current performance evaluations

Employee survey ratings on “performance and accountability” questions

Disciplinary actions and reasons, disciplinary grievances/appeals filed and disposition (outcomes)

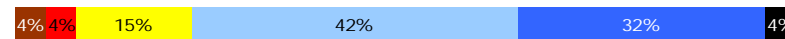
Reward and recognition practices (TBD)

Employee Survey “Performance & Accountability” Ratings

Q3. I know how my work contributes to the goals of my agency. (4.6)



Q10. My performance evaluation provides me with meaningful information about my performance. (3.9)



Q11. My supervisor holds me and my co-workers accountable for performance. (4.4)



Q9. I receive recognition for a job well done (3.7)



Overall average score for “Performance & Accountability” ratings: 4.1

Analysis:

- DFI scored relatively high in most of the performance and accountability questions. In comparison with previous DFI surveys and like questions, and the statewide data – DFI continues to score well and generally shows improvement every year.
- Employee recognition for a job well done was the lowest scoring question in this category.

Action Steps:

- DFI recently provided PDP workshop and included specific information on providing meaningful feedback to employees (in addition to meaningful expectations).
- DFI has implemented an employee recognition program since this survey was administered.
- DFI is working towards achieving performance confirmation and implementing lump sum recognition pay by December 2007.
- The agency has a policy in place that requires supervisors to complete their employees' evaluations in a timely manner.

Reinforce Performance

Outcomes:

Employees know how their performance contributes to the goals of the organization. Strong performance is rewarded; poor performance is eliminated. Successful performance is differentiated and strengthened. Employees are held accountable.

Performance Measures

Percent employees with current performance evaluations

Employee survey ratings on "performance and accountability" questions

Disciplinary actions and reasons, disciplinary grievances/appeals filed and disposition (outcomes)

Reward and recognition practices (TBD)

Formal Disciplinary Actions

As of April 2007, DFI does not have any Formal Disciplinary Actions.

Reinforce Performance

Outcomes:

Employees know how their performance contributes to the goals of the organization. Strong performance is rewarded; poor performance is eliminated. Successful performance is differentiated and strengthened.

Employees are held accountable.

Performance Measures

Percent employees with current performance evaluations

Employee survey ratings on "performance and accountability" questions

Disciplinary actions and reasons, disciplinary grievances/appeals filed and disposition (outcomes)

Reward and recognition practices (TBD)

Disciplinary Grievances and Appeals

As of April 2007, DFI does not have any disciplinary grievances or appeals.

Grievance Disposition

- DFI is non-represented, and does not have grievances. The agency has a complaint process and procedure in place for resolving employee complaints.
- Non-disciplinary complaints are resolved at the supervision level, starting at immediate supervisor, then proceeding to second and third level supervision as necessary. Final complaint resolution may rest with Agency Director.
- Complaints involving higher-level non-disciplinary issues (discrimination, etc.) are received by HR, processed and resolved in cooperation with and guidance by agency executive management.

ULTIMATE OUTCOMES

Employees are committed to the work they do and the goals of the organization

Successful, productive employees are retained

The state has the workforce breadth and depth needed for present and future success

Performance Measures

Employee survey ratings on "commitment" questions

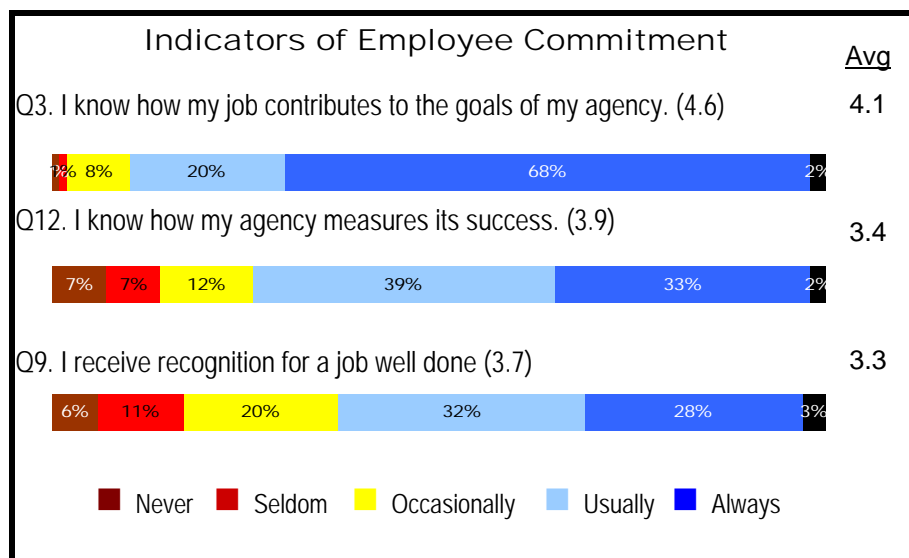
Turnover rates and types

Turnover rate: key occupational categories

Workforce diversity profile

Retention measure (TBD)

Employee Survey "Employee Commitment" Ratings



Overall average score for Employee Commitment ratings: 4.0

Analysis:

- Agency staff understand the linkage between their job duties and the mission and goals of the agency. Utilization of the PDP process in 2004 has helped in achieving this understanding.
- GMAP presentations occur on a regular basis and show measurement of agency activities.

Action Steps:

- DFI will encourage all staff to attend GMAP presentations to gain better understanding of measuring the agency's success.
- DFI has implemented an employee recognition program since this survey was administered.
- DFI is working towards achieving performance confirmation and implementing lump sum recognition pay by December 2007.

ULTIMATE OUTCOMES

Employees are committed to the work they do and the goals of the organization

Successful, productive employees are retained

The state has the workforce breadth and depth needed for present and future success

Performance Measures

Employee survey ratings on "commitment" questions

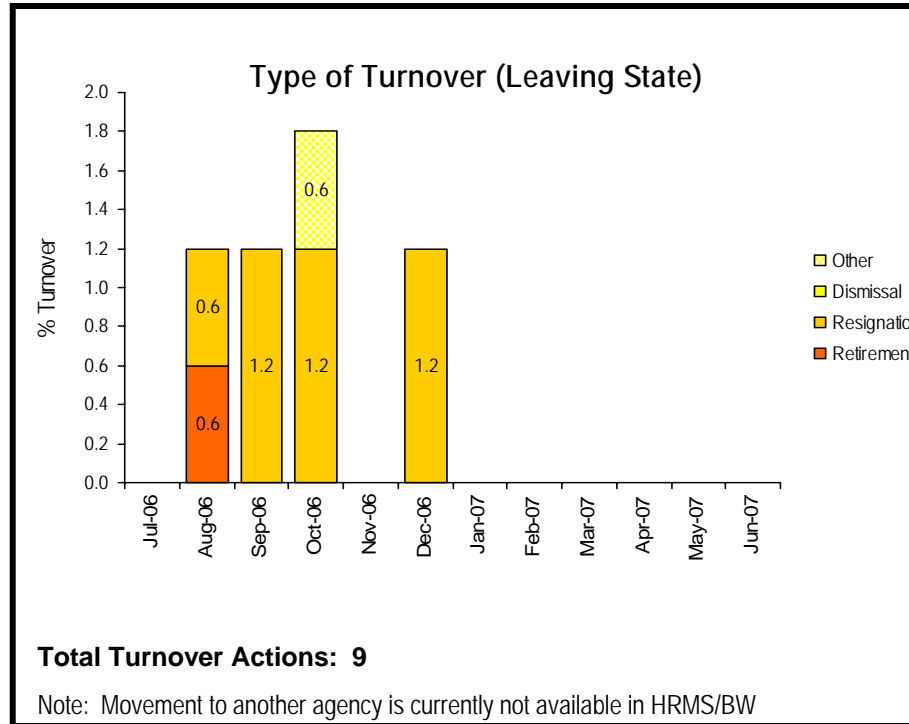
Turnover rates and types

Turnover rate: key occupational categories

Workforce diversity profile

Retention measure (TBD)

Turnover Rates



Analysis:

- The number of turnover actions indicated does not appear to be unreasonable; however, DFI continues to experience a loss of trained Financial Examiner staff to the private sector primarily due to non-competitive salaries.

Action Steps:

- DFI has established a Recruitment and Retention committee to explore options. The committee will develop an action plan by August 2007, to increase recruitment outreach and utilize retention tools allowed under the Civil Service Rules and Agency policy.

ULTIMATE OUTCOMES

Employees are committed to the work they do and the goals of the organization

Successful, productive employees are retained

The state has the workforce breadth and depth needed for present and future success

Performance Measures

Employee survey ratings on "commitment" questions

Turnover rates and types

Turnover rate: key occupational categories

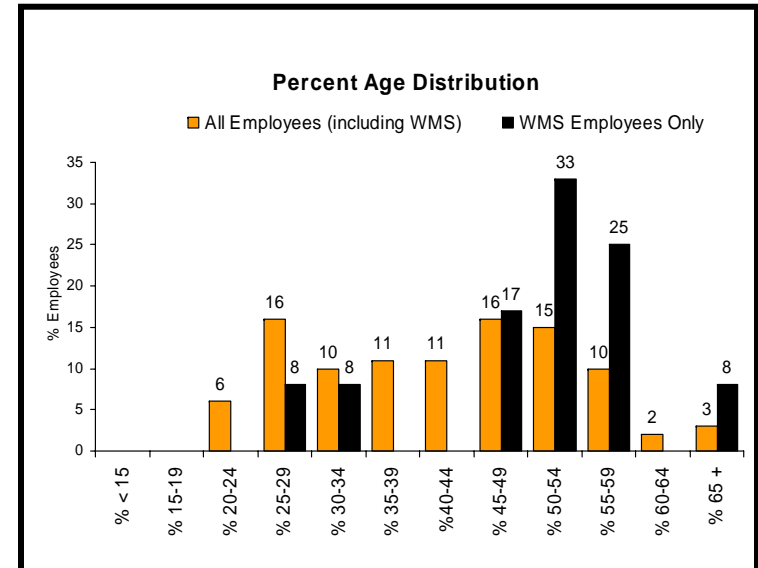
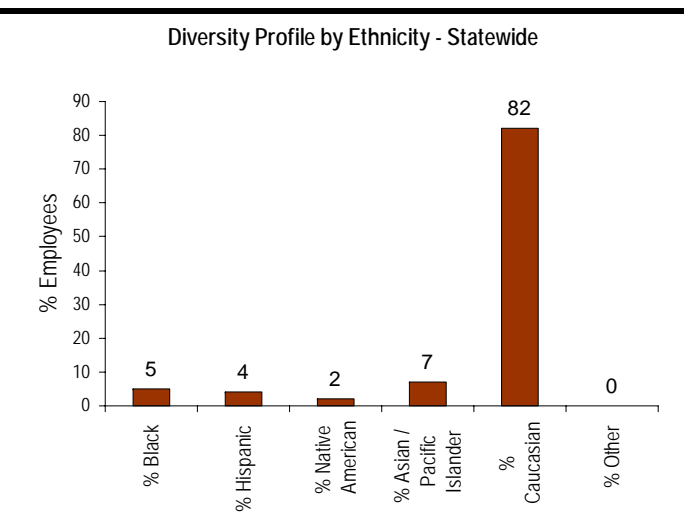
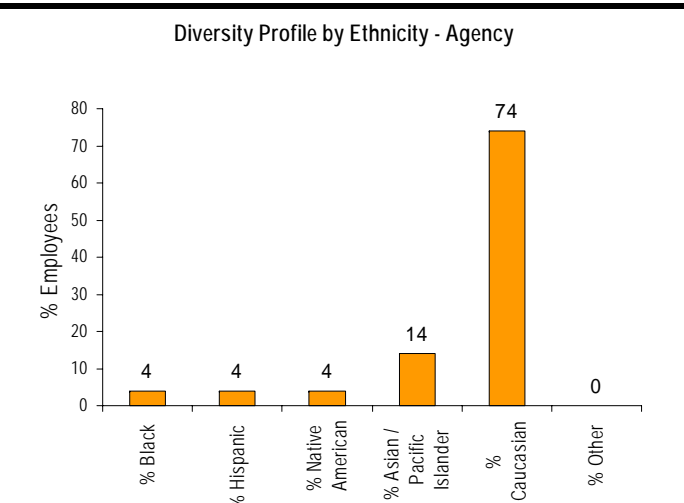
Workforce diversity profile

Retention measure (TBD)

Department of Financial Institutions

Workforce Diversity Profile

| | Agency | State |
|-----------------|--------|-------|
| Female | 53% | 52% |
| Disabled | 5% | 5% |
| Vietnam Vet | 7% | 7% |
| Disabled Vet | 4% | 2% |
| People of color | 27% | 18% |
| Persons over 40 | 57% | 75% |



Analysis:

- DFI leads or matches the statewide average in every category with the exception of Persons over 40. This is a reflection of sound recruitment and hiring practices, and the strong value and recognition the agency places on having a diverse workforce.
- While the statewide average of Persons over 40 is higher, DFI's percentage in that category is more in balance for sustaining the current workforce for a longer period of time.

Action:

- DFI will research additional recruitment resources to target specific demographics, create and implement a plan by August 2007, utilizing E-Recruiting, new venues, professional organizations, and publications to reach a broader talent pool.

Data as of December 2006
Source: HRMS Business Warehouse